

CLOSING MEMORANDUM  
CENTRAL BOAZ PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM  
REVENUE BONDS, SERIES A AND SERIES B

Closing date: May 19, 1988, 2:30 p.m.  
Place: West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia

Parties:

Issuer: Central Boaz Public Service District, Wood  
County, West Virginia  
Purchaser: West Virginia Water Development Authority  
Paying Agent: West Virginia Municipal Bond Commission  
Registrar: Commercial Banking & Trust Company  
Purchaser's  
Counsel: Jackson & Kelly  
Bond Counsel: Davis, Bailey, Pfalzgraf & Hall  
Counsel for  
the Issuer: Davis, Bailey, Pfalzgraf & Hall  
Accountant: Harman, Thompson, Mallory & Ice  
Engineer: Cerrone & Associates, Inc.

Summary and Action Taken Prior to the Closing

By Resolution adopted November 19, 1987, as supplemented by Supplemental Resolution adopted November 19, 1987, and Second Supplemental Resolution adopted May 16, 1988, the Issuer authorized the issuance and sale of the above referenced Bonds (the "Series A Bond and the Series B Bond"). The proceeds of the Series A Bond and the Series B Bond are to be deposited in the BAN Sinking Fund and used to make the principal payment on the BAN while the funds currently on deposit in the BAN Sinking Fund shall be used to fund the Bond Reserve Accounts, and the funds currently on deposit in the BAN Capitalized Interest Account in excess of the amount needed to make the interest payment on the BAN shall be transferred to the Bonds Capitalized Interest Account.

Closing Documents

Seven copies of each of the following documents, originally executed except as indicated below, will be made available by the several respective parties at the Closing, and transcripts thereof will be prepared, and one transcript will be given to each of the following: the District, the Purchaser, Counsel for the Purchaser, Bond Counsel, the Registrar, the Paying Agent and the Accountant. Certain documents may be executed prior to the Closing, with the understanding that no document will be deemed delivered until the parties agree that all documents are delivered.

- DBPH 1. Certified copy of the Minutes of Central Boaz Public Service Board's Meeting on May 16, 1988 adopting the Second Supplemental Resolution.
- DBPH 2. Certified copy of the Second Supplemental Resolution passed by the Public Service Board of the Central Boaz Public Service District providing the principal amounts and authorizing the sale of the Bonds.
- DBPH 3. Loan Agreement with Revised Schedule X and Amortization Schedule.
- 4. Supplemental Loan Agreement with Revised Schedule X and Amortization Schedule.
- DBPH 5. General Certificate of District and Attorney.
- DBPH 6. Registrar's Certificate.
- DBPH 7. Engineer's Certificate.
- HTMI 8. Certificate of Certified Public Accountant.
- DBPH 9. Arbitrage Certificate.
- DBPH 10. IRS Information Return (Form 8038G).
- DBPH 11. Opinion of Davis, Bailey, Pfalzgraf & Hall as to the Series A Bond.
- DBPH 12. Opinion of Davis, Bailey, Pfalzgraf & Hall as to the Series B Bond.
- DBPH 13. Arbitrage Opinion of Davis, Bailey, Pfalzgraf & Hall.
- DBPH 14. Opinion of Counsel to Issuer.

- DBPH 15. Municipal Bond Commission New Issue Report.
- J&K 16. Assignment Separate from Bond.
- DBPH 17. Certificate of Registration of BAN.
- DBPH 18. Cross-Receipt for BAN and BAN Proceeds.
- DBPH 19. Request and Authorization to Authenticate and Deliver Bonds.
- J&K 20. Memorandum of Understanding between WDA and CBPSD.
- J&K 21. Requisition as to Loan by Government Agency.

3053E



CENTRAL BOAZ PUBLIC SERVICE DISTRICT

SEWERAGE SYSTEM REVENUE BONDS SERIES A AND SERIES B

MINUTES ON ADOPTION OF THE SECOND  
SUPPLEMENTAL RESOLUTION

I, LAWRENCE HOFFMANN, III, Secretary of the Public Service Board of Central Boaz Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

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The Public Service Board of Central Boaz Public Service District met in special session, pursuant to notice duly given, on the 16th day of May, 1988, at Parkersburg, West Virginia, at the hour of 4:30 o'clock, p.m.

PRESENT: James Russell Smith  
Lawrence Hoffmann, III  
James L. Duvall, Jr.

Mr. Smith, Chairman, presided and Mr. Hoffmann acted as Secretary.

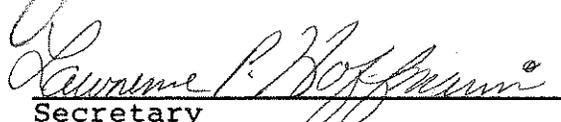
The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, the Chairman presented a proposed Second Supplemental Resolution to the Bond Resolution adopted November 19, 1987, in writing as entitled:

SECOND SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, PRINCIPAL REPAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM REVENUE BONDS SERIES A AND SERIES B, OF CENTRAL BOAZ PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS RELATING TO THE SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Duvall, seconded by Mr. Smith, it was unanimously ordered that the said Second Supplemental Resolution be adopted and be in full force on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

  
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Chairman

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
Member

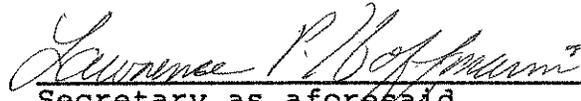
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I further hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 16th day of May, 1988.

  
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Secretary as aforesaid

2974E

CENTRAL BOAZ PUBLIC SERVICE DISTRICT  
SEWERAGE SYSTEM REVENUE BONDS  
SERIES A AND SERIES B AND  
BOND ANTICIPATION NOTE

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, PRINCIPAL REPAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM REVENUE BONDS SERIES A AND SERIES B, OF CENTRAL BOAZ PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS RELATING TO THE SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B.

WHEREAS, the public service board (the "Board") of Central Boaz Public Service District (the "District"), has duly and officially adopted a bond and notes resolution, effective November 19, 1987 (the "Resolution"), entitled:

A RESOLUTION AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF CERTAIN PUBLIC SERVICE PROPERTIES FOR THE COLLECTION, TREATMENT, PURIFICATION AND DISPOSAL OF LIQUID OR SOLID WASTES, SEWAGE AND INDUSTRIAL WASTES IN THE CENTRAL BOAZ PUBLIC SERVICE DISTRICT, WOOD COUNTY, WEST VIRGINIA, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE CENTRAL BOAZ PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$940,346 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B; AUTHORIZING THE ISSUANCE BY THE CENTRAL BOAZ PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$940,346 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES; AUTHORIZING THE FINANCING OF CERTAIN COSTS OF SUCH CONSTRUCTION AND ACQUISITION, PENDING RECEIPT OF CERTAIN GRANT

PROCEEDS, THROUGH THE ISSUANCE AND EXECUTION BY THE CENTRAL BOAZ PUBLIC SERVICE DISTRICT OF A CREDIT LINE NOTE OF \$1,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH SEWERAGE SYSTEM REVENUE BONDS, SUCH SEWERAGE SYSTEM BOND ANTICIPATION NOTES AND SUCH SEWERAGE SYSTEM CREDIT LINE NOTE; AUTHORIZING THE SALE OF SUCH SEWERAGE SYSTEM REVENUE BONDS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY BY RESPECTIVE SUPPLEMENTAL RESOLUTIONS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, THE Board of the District has duly and officially adopted a supplemental bond and note resolution, effective November 20, 1987 (the "First Supplemental Resolution") entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, PRINCIPAL PREPAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM REVENUE BOND ANTICIPATION NOTE OF CENTRAL BOAZ PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LETTER AGREEMENT RELATING THERETO AND THE SALE AND DELIVERY OF THE BOND ANTICIPATION NOTE TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING BANK INTERIM CREDIT AGREEMENT IN AN AMOUNT NOT TO EXCEED \$1,000,000; APPROVING AND ADOPTING THE RATES AND CHARGES AS ESTABLISHED BY THE WEST VIRGINIA PUBLIC SERVICE COMMISSION IN THE ORDER GRANTING THE DISTRICT A CERTIFICATE OF CONVENIENCE AND NECESSITY; AND MAKING OTHER PROVISIONS AS TO THE BOND ANTICIPATION NOTE.

WHEREAS, the Resolution provides for the issuance of the Sewerage System Bonds Series A and Series B of the District (the "Bonds"), in a principal amount not to exceed \$940,396 approved and ratified Loan Agreement and Supplemental Loan Agreement relating to such Bonds; and in the Resolution it is provided that the exact principal amount, maturity date, interest rate, interest and principal prepayment schedule, sale price and other terms of the Bonds may be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the

Bonds and to the Project be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement and Supplemental Loan Agreement; and

WHEREAS, the Board deems it essential and desirable that this second supplemental resolution (the "Second Supplemental Resolution") be adopted and that the exact principal amount, the price, the maturity date, the redemption provision, the interest rate and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds and to the Project be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF CENTRAL BOAZ PUBLIC SERVICE DISTRICT:

Section 1. The following term has the following meaning in this Second Supplemental Resolution unless the context expressly requires otherwise:

"Cost(s) of the Project" or similar phrases mean those costs described in Section 1.03F of the Resolution to be part of the costs of construction and acquisition of the Project, except that such costs shall be deemed to include the payment of principal on the BAN.

Section 2. Pursuant to the Resolution and the Act, this Second Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued:

a. The Series A Bond designated R-1 shall be issued in the form of a single bond in typewritten form fully registered to the West Virginia Water Development Authority, in the denomination of \$692,181.00, with interest thereon at the rate of 9.0% per annum payable semi-annually on October 1 and April 1, first interest payable on October 1, 1988, representing the aggregate principal amount of the Series A Bond issue and shall mature in principal installment on October 1 of each year as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
1989	2,449.00	9.0%
1990	2,669.00	9.0%
1991	2,910.00	9.0%
1992	3,172.00	9.0%
1993	3,457.00	9.0%
1994	3,768.00	9.0%

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
1995	4,107.00	9.0%
1996	4,477.00	9.0%
1997	4,880.00	9.0%
1998	5,319.00	9.0%
1999	5,798.00	9.0%
2000	6,320.00	9.0%
2001	6,888.00	9.0%
2002	7,508.00	9.0%
2003	8,184.00	9.0%
2004	8,921.00	9.0%
2005	9,723.00	9.0%
2006	10,599.00	9.0%
2007	11,553.00	9.0%
2008	12,592.00	9.0%
2009	13,726.00	9.0%
2010	14,961.00	9.0%
2011	16,307.00	9.0%
2012	17,775.00	9.0%
2013	19,375.00	9.0%
2014	21,119.00	9.0%
2015	23,019.00	9.0%
2016	25,091.00	9.0%
2017	27,349.00	9.0%
2018	29,811.00	9.0%
2019	32,494.00	9.0%
2020	35,418.00	9.0%
2021	38,606.00	9.0%
2022	42,080.00	9.0%
2023	45,867.00	9.0%
2024	49,995.00	9.0%
2025	54,495.00	9.0%
2026	59,399.00	9.0%

b. The Series B Bond designated R-1 shall be issued in the form of single Bond in typewritten form, fully registered to the West Virginia Water Development Authority, in the denomination of \$248,215.00, without interest, representing the aggregate principal amount of the Series B Bond issue, and shall mature in principal installments on October 1, of each year after date as follows:

<u>Year</u>	<u>Installment</u>
1989	6,531.97
1990	6,531.97
1991	6,531.97
1992	6,531.97

<u>Year</u>	<u>Installment</u>
1993	6,531.97
1994	6,531.97
1995	6,531.97
1996	6,531.97
1997	6,531.97
1998	6,531.97
1999	6,531.97
2000	6,531.97
2001	6,531.97
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2014	6,531.97
2015	6,531.97
2016	6,531.97
2017	6,531.97
2018	6,531.97
2019	6,531.97
2020	6,531.97
2021	6,531.97
2022	6,531.97
2023	6,531.97
2024	6,531.97
2025	6,531.97
2026	6,532.11

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in Exhibit B and Exhibit C to the Resolution.

Section 4. The District does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 5. The District does hereby appoint and designate Commercial Banking & Trust Company, a state banking association, Parkersburg, West Virginia, as Depository Bank under the Resolution.

Section 6. Series A Bond proceeds in the amount of \$692,181.00 shall be deposited in the BAN Sinking Fund and be used to make the principal payment on the BAN.

Section 7. Series B Bond proceeds in the amount of \$248,215.00 shall be deposited in the BAN Sinking Fund and be used to make the principal payment on the BAN.

Section 8. \$64,746.00 of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series A Bond Reserve Account with the Series A Sinking Fund.

Section 9. \$6,532.00 of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series B Bond Reserve Account with the Series B Sinking Fund.

Section 10. The remaining balance of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series A Bond Reserve Account within the Series A Sinking Fund to be applied pursuant to the terms of Section 6.03(G) of the Resolution.

Section 11. \$8,777.03 of the funds currently on deposit in the BAN Capitalized Interest Account within the BAN Sinking Fund shall be used to pay the interest due on the BAN from April 1, 1988 through May 19, 1988.

Section 12. The remaining balance of the funds currently on deposit in the BAN Capitalized Interest Account within the BAN Sinking Fund shall be transferred to the Bonds Capitalized Interest within the Series A Sinking Fund.

Section 13. The Chairman, the Secretary or any other member of the Board of the District are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered on or about May 19, 1988, to the Authority pursuant to the Loan Agreement and Supplemental Loan Agreement.

Section 14. The financing of the costs of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 15. The District hereby determines that it is in the best interest of the District to invest all moneys in the funds and accounts established by the Resolution in the West Virginia "Consolidated Fund," and therefore the District hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund.

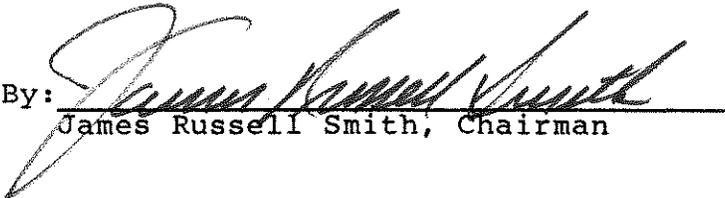
Section 16. The District shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the District to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The District will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder. Unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of Bond Counsel, the District will furnish to the Authority annually, at such time as the District is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority. The District shall take any and all actions and shall refrain from taking any actions as shall be deemed necessary by the Authority to maintain the exclusions from gross income for Federal income tax purposes of interest on the Authority's Water Development Revenue Bonds including, but not limited to, the Authority, in its sole discretion, causing the rebate calculations for the District to be prepared or monitored, in either case at the expense of the District.

Section 17. The District hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, principal and accrued interest on the BAN.

Section 18. This Second Supplemental Resolution shall be effective immediately upon adoption.

Adopted this 16th day of May, 1988.

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

By: 

James Russell Smith, Chairman



WDA-5  
(October 1986)

RECEIVED

SEP 1 1986

LOAN AGREEMENT

WATER DEVELOPMENT AUTHORITY

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct or is constructing such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985 (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

## ARTICLE I

### Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

1.3 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.4 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

1.6 "Local Statute" means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Local Bonds are issued.

1.7 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.8 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.9 "System" means the water development project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.10 Additional terms and phrases are defined in this Loan Agreement as they are used.

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority in respect of the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as

their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

### ARTICLE III

#### Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Local Bonds described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(d) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the

financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

## ARTICLE IV

### Local Bonds; Security for Loan; Repayment of Loan; Interest on Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be

realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System as provided by law;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owner of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided that, if the cost of acquisition and construction of the Project includes funded reserves for the Local Bonds, any requisite proceeds shall be credited to the construction fund and then deposited in the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein; and

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit A.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the loan

shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

#### ARTICLE V

Certain Covenants of the Governmental Agency;  
Imposition and Collection of User Charges;  
Payments To Be Made by  
Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably cove-

nants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the tax-exempt status of the Local Bonds.

## ARTICLE VII

### Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached

hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedule X shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.5 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.6 This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

WDA-5X  
(March 1988)

SCHEDULE X  
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds    \$ 692,181.00  
Purchase Price of Local Bonds       \$ 692,181.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 9 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to source of and security for payment with the following obligations:

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:

SCHEDULE Y  
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;
- (iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and
- (v) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

WDA-5Z-PSD Sewer (EPA)  
(October 1986)

## SCHEDULE Z

### Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.

3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

### Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the

event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

7. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

8. The Governmental Agency shall comply with the provisions of the Internal Revenue Code of 1986, as amended. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years of May 22, 1986;

- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by May 1, 1989;
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds; and
- (e) The Governmental Agency will comply with the provisions of the Internal Revenue Code of 1986, as amended, for which the effective date precedes the date of delivery of its Local Bond to the Authority.

Central Boaz Public Service District  
 Debt Service Schedule  
 Analysis of 9% Borrowing  
 38 Principal Payments  
 Closing Date: 19-May-88

Date	Coupon	Principal	Interest	Total DS 9% Bonds
01-Oct-88			\$22,841.97	\$22,841.97
01-Oct-89	9.00%	2,449.00	62,296.29	64,745.29
01-Oct-90	9.00%	\$2,669.00	62,075.88	64,744.88
01-Oct-91	9.00%	2,910.00	61,835.67	64,745.67
01-Oct-92	9.00%	3,172.00	61,573.77	64,745.77
01-Oct-93	9.00%	3,457.00	61,288.29	64,745.29
01-Oct-94	9.00%	3,768.00	60,977.16	64,745.16
01-Oct-95	9.00%	4,107.00	60,638.04	64,745.04
01-Oct-96	9.00%	4,477.00	60,268.41	64,745.41
01-Oct-97	9.00%	4,880.00	59,865.48	64,745.48
01-Oct-98	9.00%	5,319.00	59,426.28	64,745.28
01-Oct-99	9.00%	5,798.00	58,947.57	64,745.57
01-Oct-2000	9.00%	6,320.00	58,425.75	64,745.75
01-Oct-2001	9.00%	6,888.00	57,856.95	64,744.95
01-Oct-2002	9.00%	7,508.00	57,237.03	64,745.03
01-Oct-2003	9.00%	8,184.00	56,561.31	64,745.31
01-Oct-2004	9.00%	8,921.00	55,824.75	64,745.75
01-Oct-2005	9.00%	9,723.00	55,021.86	64,744.86
01-Oct-2006	9.00%	10,599.00	54,146.79	64,745.79
01-Oct-2007	9.00%	11,553.00	53,192.88	64,745.88
01-Oct-2008	9.00%	12,592.00	52,153.11	64,745.11
01-Oct-2009	9.00%	13,726.00	51,019.83	64,745.83
01-Oct-2010	9.00%	14,961.00	49,784.49	64,745.49
01-Oct-2011	9.00%	16,307.00	48,438.00	64,745.00
01-Oct-2012	9.00%	17,775.00	46,970.37	64,745.37
01-Oct-2013	9.00%	19,375.00	45,370.62	64,745.62
01-Oct-2014	9.00%	21,119.00	43,626.87	64,745.87
01-Oct-2015	9.00%	23,019.00	41,726.16	64,745.16
01-Oct-2016	9.00%	25,091.00	39,654.45	64,745.45
01-Oct-2017	9.00%	27,349.00	37,396.26	64,745.26
01-Oct-2018	9.00%	29,811.00	34,934.85	64,745.85
01-Oct-2019	9.00%	32,494.00	32,251.86	64,745.86
01-Oct-2020	9.00%	35,418.00	29,327.40	64,745.40
01-Oct-2021	9.00%	38,606.00	26,139.78	64,745.78
01-Oct-2022	9.00%	42,080.00	22,665.24	64,745.24
01-Oct-2023	9.00%	45,867.00	18,878.04	64,745.04
01-Oct-2024	9.00%	49,995.00	14,750.01	64,745.01
01-Oct-2025	9.00%	54,495.00	10,250.46	64,745.46
01-Oct-2026	9.00%	59,399.00	5,345.91	64,744.91
		\$692,181.00	\$1,790,985.84	\$2,483,166.84



RECEIVED

SEP 2 1986

WDA-Supp. 5  
(October 1986)

WATER DEVELOPMENT AUTHORITY

SUPPLEMENTAL LOAN AGREEMENT

THIS SUPPLEMENTAL LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, including supplemental, subordinate revenue bonds, issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct or is constructing such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

## ARTICLE I

### Definitions; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

1.2 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.3 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Supplemental Bonds.

1.4 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues

of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

1.5 "Supplemental Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Supplemental Bonds pursuant to this Supplemental Loan Agreement.

1.6 Additional terms and phrases are defined in this Supplemental Loan Agreement as they are used.

1.7 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Supplemental Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project

facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority in respect of the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Supplemental Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or

mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental Bonds is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

### ARTICLE III

#### Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Supplemental Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(d) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of

the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Supplemental Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Supplemental Loan shall be secured and shall be repaid in the manner hereinafter provided in this Supplemental Loan Agreement.

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State,

the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

#### ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan;  
Repayment of Supplemental Loan; No Interest on  
Supplemental Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Supplemental Loan, authorize the issuance of and issue the Supplemental Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds and on a parity with the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by bond proceeds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") or on the Supplemental Bonds in any year (the "Supplemental Reserve Requirement"), as the case may be, and any reserve account for any such prior or

parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds and Supplemental Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Supplemental Bonds and parity bonds theretofore and then being issued and on the Local Bonds and any other obligations secured by or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental Bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal or interest on the Supplemental Bonds, the right to obtain the

appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Supplemental Bonds, except any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided, that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

(xv) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in

compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Supplemental Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority and shall include, but not be limited to, legal fees paid by the Authority.

#### ARTICLE V

Certain Covenants of the Governmental Agency;  
Imposition and Collection of User Charges;  
Payments To Be Made by  
Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Supplemental Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Supplemental Loan, it has fixed

and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Supplemental Loan Agreement.

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Supplemental Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Supplemental Loan and receiving the Supplemental Bonds, the Authority shall have the right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan or the Supplemental Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Loan Agreement or this Supplemental Loan Agreement.

6.3 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Supplemental Loan.

## ARTICLE VII

### Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Supplemental Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Supplemental Loan Agreement.

7.2 Schedule X shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Supplemental Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Supplemental Loan Agreement, and this Supplemental Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Supplemental Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Supplemental Loan Agreement.

7.5 No waiver by either party of any term or condition of this Supplemental Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Supplemental Loan Agreement.

7.6 This Supplemental Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Supplemental Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.7 By execution and delivery of this Supplemental Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Supplemental Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

(ii) termination by the Authority pursuant to Section 6.2 hereof; or

(iii) payment in full of the principal of the Supplemental Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

Central Boaz Public Service District  
[Proper Name of Governmental Agency]

(SEAL)

By Lawrence P. Hoffmann  
Its Secretary Public Service Board

Attest:

Date: September 1, 1987

Clara Lee  
Its Treasurer

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By Edgar P. Henry  
Director

Attest:

Date: Sept. 2, 1987

Daniel B. G. Kirby  
Secretary-Treasurer

WDA-Supp. 5X  
(March 1988)

SCHEDULE X  
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>248,215.00</u>
Purchase Price of Supplemental Bonds	\$ <u>248,215.00</u>

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference. The Supplemental Bonds bear no interest.

As of the date of the Supplemental Loan Agreement, the Supplemental Bonds are on a parity as to source of and security for payment with the following obligations:

As of the date of the Supplemental Loan Agreement, the Supplemental Bonds are subordinate as to source of and security for payment to the following obligations, in addition to the Local Bonds:

WDA-Supp. 5Y-PSD Sewer  
(October 1986)

SCHEDULE Y  
REVENUES

In accordance with Subsection 4.1(a) of the Supplemental Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) as prescribed by the Loan Agreement, to pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) as prescribed by the Loan Agreement, to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded

concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(v) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

(vi) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

WDA-Supp. 5Z-PSD Sewer (EPA)  
(October 1986)

## SCHEDULE Z

### Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.
3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

### Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.
4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the

Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the net revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.

7. The paying agent for the Supplemental Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

Central Boaz Public Service District  
 Debt Service Schedule  
 Analysis of Interest Free Borrowing  
 38 Principal Payments  
 Closing Date: 19-May-88

Date	Interest Free Loan
01-Oct-88	
01-Oct-89	\$6,531.97
01-Oct-90	6,531.97
01-Oct-91	6,531.97
01-Oct-92	6,531.97
01-Oct-93	6,531.97
01-Oct-94	6,531.97
01-Oct-95	6,531.97
01-Oct-96	6,531.97
01-Oct-97	6,531.97
01-Oct-98	6,531.97
01-Oct-99	6,531.97
01-Oct-2000	6,531.97
01-Oct-2001	6,531.97
01-Oct-2002	6,531.97
01-Oct-2003	6,531.97
01-Oct-2004	6,531.97
01-Oct-2005	6,531.97
01-Oct-2006	6,531.97
01-Oct-2007	6,531.97
01-Oct-2008	6,531.97
01-Oct-2009	6,531.97
01-Oct-2010	6,531.97
01-Oct-2011	6,531.97
01-Oct-2012	6,531.97
01-Oct-2013	6,531.97
01-Oct-2014	6,531.97
01-Oct-2015	6,531.97
01-Oct-2016	6,531.97
01-Oct-2017	6,531.97
01-Oct-2018	6,531.97
01-Oct-2019	6,531.97
01-Oct-2020	6,531.97
01-Oct-2021	6,531.97
01-Oct-2022	6,531.97
01-Oct-2023	6,531.97
01-Oct-2024	6,531.97
01-Oct-2025	6,531.97
01-Oct-2026	6,531.97
	.....
	\$248,215.00

6,532.11

CENTRAL BOAZ PUBLIC SERVICE DISTRICT  
SEWERAGE SYSTEM REVENUE BONDS  
SERIES A AND SERIES B

GENERAL CERTIFICATE OF DISTRICT AND ATTORNEY

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the public service board of Central Boaz Public Service District in Wood County, West Virginia (the "District"), and the undersigned ATTORNEY for the District, hereby certify in connection with the \$940,396 aggregate principal amount of the Central Boaz Public Service District Sewerage System Revenue Bonds, Series A and Series B (collectively, the "Bonds"), as follows:

1. All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the District adopted November 19, 1987, the Supplemental Resolution adopted November 20, 1987, and the Second Supplemental Resolution adopted May 16, 1988, (collectively, the "Local Act").

2. The District has duly performed all of its obligations to be performed at or prior to the closing on the Bonds.

3. The District has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Local Act, the Registrar's Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the District in order to carry out, give effect to and consummate the sale and delivery of the Bonds.

4. No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, construction of the Project, operation of the System, receipt of the EPA Grant proceeds or the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or the EPA Grant or any proceedings of the District taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the District insofar as they relate to the authorization, sale and issuance of the Bonds, construction of the Project, operation of the System, receipt of the EPA Grant proceeds or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

5. All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Bonds have been obtained and remain in full force and effect. Competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia of 1931, as amended, and contracts have been entered into for and construction has begun on the Project.

6. There has been no adverse change in the financial condition of the District since the approval and execution and delivery by the District of the Loan Agreement, and the District has met all conditions prescribed in the Loan Agreement entered into between the District and the Authority. There are no outstanding debt obligations of the District or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System.

7. The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Order of the County Commission of Wood County creating Central Boaz Public Service District.

Orders of the County Commission of Wood County appointing current members to the Public Service Board of Central Boaz Public Service District.

Certified copies of the oaths of office of current members of Public Service Board of Central Boaz Public Service District.

Rules of Procedure of the Public Service Board of Central Boaz Public Service District.

Affidavit of Publication of Notice of Borrowing and Filing of PSC Application.

Bond Resolution.

Supplemental Resolution adopted November 20, 1987.

Second Supplemental Resolution adopted May 16, 1988.

Minutes of the 1987 Organizational Meeting and Minutes Adopting the Bond Resolution, the Supplemental Resolution and the Second Supplemental Resolution.

Loan Agreement.

Supplemental Loan Agreement.

EPA Grant Agreement, as amended.

Public Service Commission Order entered November 19, 1987.

8. The proper corporate title of the District is "Central Boaz Public Service District" and it is a public service district duly created by The County Commission of Wood County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the District is its Public Service Board consisting of three (3) members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
James Russell Smith	October, 1986	October, 1992
Lawrence P. Hoffmann, III	October, 1982	October, 1988
James L. Duvall, Jr.	May, 1986	October, 1990

The names of the duly enacted, qualified and acting members of the Public Service Board of the District for the calendar year 1987 are as follows:

Chairman	-	James Russell Smith
Secretary	-	Lawrence P. Hoffmann, III
Member	-	James L. Duvall, Jr.

The duly appointed and acting Counsel for the District is Davis, Bailey, Pfalzgraf & Hall of Parkersburg, West Virginia.

9. All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase or, if necessary, by condemnation by the District and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may

have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the District to pay for the same without jeopardizing the security of or payments on the Bonds.

10. All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the District in any way connected with the construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Public Service Board of the District duly and regularly called and held pursuant to the Rules and Procedures of the Public Service Board (which is the governing body of the District) and all applicable statutes, including Chapter 6, Article 9A, of the Code of West Virginia of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Public Service Board of the District was present and acting at all times during all such meetings.

11. All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

12. As of the date hereof, the EPA has committed to the District the approximate amount of \$2,625,660. Said commitment of EPA is as of this date still in force and effect.

13. As of the date hereof, (i) the representations of the District contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the District has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading.

14. The District has received a Final Order of the Public Service Commission of West Virginia entered November 19, 1987, granting a certificate of convenience and necessity for the Project and approving rates and charges for the services of the System and has adopted a resolution prescribing such rates

and charges. The time for appeal of such Final Order has expired prior to the date hereof.

15. On the date hereof, James L. Duvall, Jr., a duly authorized member of the Board did officially sign all of the Bonds of the aforesaid issue, all dated May 19, 1988, by his manual signature, and the undersigned Secretary did officially cause the official seal of the District to be imprinted upon each of said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

16. On the date hereof, the District received from the Authority the agreed purchase price of the Bonds, being \$940,396 (100% of par value), there being no interest accrued thereon.

17. The District has published a notice with respect to the acquisition and construction of the Project, anticipated user rates and charges, issuance of the Bonds and filing of a formal application for a certificate of convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia of 1931, as amended.

18. The District shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the District) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the District) in respect of property, or borrowed money, used or to

be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public, all within the meaning of Section 141 of the Internal Revenue Code of 1986.

19. On the date hereof, the undersigned <sup>SECRETARY</sup> Chairman did officially sign a properly completed IRS Form 8038-G and will cause such executed Form to be delivered in a timely manner to the Internal Revenue Service Center, Philadelphia, Pennsylvania. *J.P.H.*

20. Delivered concurrently herewith are true and accurate specimens of the Bonds.

21. Neither of the undersigned, nor, to the best knowledge of the undersigned, any member of the Public Service Board of the District, has any substantial financial interest, direct or indirect, or by reason of ownership of stock in any corporation, in any of the transactions contemplated by the Local Act or in any contract pertaining thereto.

IN WITNESS WHEREOF, we hereunto have set our respective signatures as such members of the public service board and have affixed the seal of the Central Boaz Public Service District on the 19th day of May, 1988.

CENTRAL BOAZ PUBLIC SERVICE  
DISTRICT

[SEAL]

By: *James Russell Smith*  
James Russell Smith, Chairman

And: *Lawrence P. Hoffmann, III*  
Lawrence P. Hoffmann, III,  
Secretary

*William R. Pfalzgraf*  
William R. Pfalzgraf, Counsel  
to District

2666E



CENTRAL BOAZ PUBLIC SERVICE DISTRICT  
(WEST VIRGINIA)

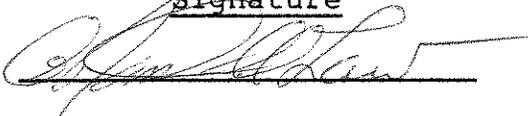
\$940,396 Sewerage System Revenue Bonds  
Series A and Series B

REGISTRAR'S CERTIFICATE

The undersigned, C. Randall Law, Vice President and Senior Trust Officer, of COMMERCIAL BANKING & TRUST COMPANY, Parkersburg, West Virginia, a state banking association (the "Bank"), hereby certifies as follows with respect to the above-captioned Bonds (the "Bonds").

1. The Bank has full power and authority to enter into and carry out the provisions of the Registrar's Agreement, dated as of November 20, 1987, between the Central Boaz Public Service District (the "District"), and the Bank (the "Registrar's Agreement").

2. The person whose title, name and signature is set forth below holds the position shown opposite his name, and has been named and designated as an authorized officer of the Bank to authenticate and register the Bonds, to deliver certificates on behalf of the Bank in connection with the closing of the sale of the Bonds and to take any other actions required by the Registrar's Agreement.

<u>Title</u>	<u>Name</u>	<u>Signature</u>
Vice President & Senior Trust Officer	C. Randall Law	

3. The above-signed C. Randall Law was duly authorized to, and did on or prior to the date hereof, execute and deliver the Registrar's Agreement to the District on behalf of the Bank.

4. Pursuant to the Supplemental Resolution, the undersigned has received prior to the date hereof a request and authorization to the Bank on behalf of the District, signed by an authorized member of the Public Service Board of the District, to authenticate and deliver the Bonds to the Purchaser.

5. The Bank has received from the District on the date hereof the Bonds, in the respective numbers and denominations, maturing on October 1 of such years, and bearing interest at such rates, all as set forth in Exhibit A attached hereto and incorporated herein by reference. At the time of such receipt, each of the Bonds had been executed by the manual signature of the Chairman of the Public Service Board of the District, imprinted with the seal of the District, and attested by the manual signature of the Secretary of the Public Service Board of the District.

6. The Bank has duly authenticated the Bonds originally issued on May 19, 1988, and described in Exhibit A hereto, by manually executing on each of such Bonds a certificate in substantially the following form:

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds described in the within-mentioned Resolution and has been duly registered in the name set forth above on the date set forth below.

COMMERCIAL BANKING & TRUST COMPANY  
As Registrar

Date: 5-19-88

By   
Its Authorized Officer

2660E

Exhibit A to Registrar's Certificate

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

\$940,346.00 Sewerage System Revenue Bonds  
Series A and Series B

TERMS OF THE SERIES A AND SERIES B BONDS

a. The Series A Bond designated R-1 shall be issued in the form of a single bond in typewritten form fully registered to the West Virginia Water Development Authority, in the denomination of \$692,181.00, with interest thereon at the rate of 9.0% per annum payable semi-annually on October 1 and April 1, first interest payable on October 1, 1988, representing the aggregate principal amount of the Series A Bond issue and shall mature in principal installment on October 1 of each year as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
1989	2,449.00	9.0%
1990	2,669.00	9.0%
1991	2,910.00	9.0%
1992	3,172.00	9.0%
1993	3,457.00	9.0%
1994	3,768.00	9.0%
1995	4,107.00	9.0%
1996	4,477.00	9.0%
1997	4,880.00	9.0%
1998	5,319.00	9.0%
1999	5,798.00	9.0%
2000	6,320.00	9.0%
2001	6,888.00	9.0%
2002	7,508.00	9.0%
2003	8,184.00	9.0%
2004	8,921.00	9.0%
2005	9,723.00	9.0%
2006	10,599.00	9.0%
2007	11,553.00	9.0%
2008	12,592.00	9.0%
2009	13,726.00	9.0%
2010	14,961.00	9.0%
2011	16,307.00	9.0%
2012	17,775.00	9.0%
2013	19,375.00	9.0%

2014	21,119.00	9.0%
2015	23,019.00	9.0%
2016	25,091.00	9.0%
2017	27,349.00	9.0%
2018	29,811.00	9.0%
2019	32,494.00	9.0%
2020	35,418.00	9.0%
2021	38,606.00	9.0%
2022	42,080.00	9.0%
2023	45,867.00	9.0%
2024	49,995.00	9.0%
2025	54,495.00	9.0%
2026	59,399.00	9.0%

b. The Series B Bond designated R-1 shall be issued in the form of single Bond in typewritten form, fully registered to the West Virginia Water Development Authority, in the denomination of \$248,215.00, without interest, representing the aggregate principal amount of the Series B Bond issue, and shall mature in principal installments on October 1, of each year after date as follows:

<u>Year</u>	<u>Installment</u>
1989	6,531.97
1990	6,531.97
1991	6,531.97
1992	6,531.97
1993	6,531.97
1994	6,531.97
1995	6,531.97
1996	6,531.97
1997	6,531.97
1998	6,531.97
1999	6,531.97
2000	6,531.97
2001	6,531.97
2002	6,531.97
2003	6,531.97
2004	6,531.97
2005	6,531.97
2006	6,531.97
2007	6,531.97
2008	6,531.97
2009	6,531.97
2010	6,531.97
2011	6,531.97
2012	6,531.97
2013	6,531.97
2014	6,531.97

2015	6,531.97
2016	6,531.97
2017	6,531.97
2018	6,531.97
2019	6,531.97
2020	6,531.97
2021	6,531.97
2022	6,531.97
2023	6,531.97
2024	6,531.97
2025	6,531.97
2026	6,532.11

2980E



CENTRAL BOAZ PUBLIC SERVICE DISTRICT  
\$940,396 SEWERAGE SYSTEM REVENUE BONDS,  
SERIES A AND B

ENGINEER'S CERTIFICATE

I, MANNING H. FRYMIER, Registered Professional Engineer, West Virginia Registration No. 8497, of Cerrone & Associates, Inc., Consulting Engineers, Wheeling, West Virginia, hereby certify as follows:

1. Cerrone & Associates, Inc. is engineer for the construction and acquisition of a sewerage system (the "Project") for Central Boaz Public Service District in Wood County, West Virginia (the "District"). Certain costs of such construction and acquisition are being financed in part by proceeds of the above-captioned bonds (the "Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency.
2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to West Virginia Water Development Authority ("WDA") and approved by all necessary governmental bodies and is situate wholly within the boundaries of the District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) my firm has examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received and contracts for construction entered in an amount and are otherwise compatible with the plan of financing described in said Application and my firm will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the District has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates and charges for the sewerage system of the District comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between WDA and the District; and (viii) the net proceeds of the Bonds, together with the proceeds of grants irrevocably committed therefor and other moneys

on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to WDA.

WITNESS my signature on this 19th day of May, 1988.

CERRONE & ASSOCIATES, INC.,

By

  
Manning H. Fymer, P.E.

2651E

**Harman, Thompson, Mallory & Ice**  
Certified Public Accountants

May 19, 1988

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

In re: Central Boaz Public Service District  
Sewerage System Revenue Bonds  
Series A and Series B

Gentlemen:

Based upon the rates and charges as set forth and approved in the order of the Public Service Commission of West Virginia (Case No. 87-236-S-CN) entered November 19, 1987, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Cerrone & Associates, consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of Central Boaz Public Service District, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewerage System Revenue Bonds, Series A and Series B to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such Bonds.

Very truly yours,

HARMAN, THOMPSON, MALLORY & ICE



E. L. Thompson



NONARBITRAGE CERTIFICATE OF  
CENTRAL BOAZ PUBLIC SERVICE DISTRICT

The undersigned hereby certifies, on behalf of Central Boaz Public Service District (the "District"), with respect to the \$692,181.00 aggregate principal amount of the Central Boaz Public Service District Sewerage System Revenue Bonds, Series A (the "Local Bond"), issued and delivered by the District on the date hereof that the following exist or are reasonably expected to occur:

1. This Certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 (the "Code") and the regulations thereunder. The undersigned is a duly authorized member of the public service board of the District and together with the other members of the public service board of the District is charged with the responsibility for issuing the Bonds. The undersigned is familiar with the facts, circumstances and estimates herein certified and is duly authorized to execute and deliver this certificate on behalf of the District.

2. This certificate may be relied upon as the certificate of the District.

3. The District has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by the holders of obligations of the District or that there is any disqualification of the District by the Internal Revenue Service because a certification made by the District contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the District in existence on May 19, 1988, the date on which the Local Bond is being physically delivered in exchange for the issue price thereof, and to the best knowledge and belief of the undersigned, the expectations of the District set forth herein are reasonable.

5. In the Local Act pursuant to which the Local Bond is issued, the District has covenanted to make no use of the proceeds of the Local Bond which would cause the Local Bond to be an "arbitrage bond" within the meaning of the Code.

6. The Bonds are being delivered to the purchaser thereof on the date hereof. Concurrently with the sale and delivery of the Local Bond the District also sold and delivered its Sewerage System Revenue Bond, Series B Bond in the principal amount of \$248,215.00 (the "Supplemental Bond"). The Supplemental Bond bears no interest.

7. The Series A Bond consist of one bond numbered R-1. The purchase price of the Series A Bond numbered R-1 is \$692,181.00. All of the proceeds of the Series A Bond numbered R-1 , will be set aside in the BAN Sinking Fund for the application to the payment of the principal of the BAN.

The Local Bond and the Supplemental Bond are being issued simultaneously with the delivery of this certificate for the purpose of repaying the outstanding principal amount of the BAN. The BAN was issued pursuant to the terms of the Local Act for the purpose of financing \$940,396 of costs, including issuance costs, interest during construction and for six months thereafter and the funding of reserves, attributable to the construction by the District of a wastewater treatment and collection facility in the District (the "Project").

8. The District has entered into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of two and one-half percent (2.5%) of the estimated total Project cost financed with proceeds from the sale of the Bonds or One Hundred Thousand Dollars (\$100,000.00).

9. Work on the Project will proceed with due diligence to completion, which is expected on or about December 31, 1988 (within three years of April 28, 1988). All of the proceeds from the sale of the Bonds which will be used for payment of Costs of the Project will be expended for such purpose by June 1, 1989 (within three years of April 28, 1988).

10. The total cost of the Project is estimated at \$3,573,006.00. Sources of funding for the Project are as follows:

EPA Grant	\$2,625,660.00
Proceeds of Local Bond	\$ 692,181.00
Proceeds of Supplemental Bond	\$ 248,215.00
Local Contributions (Tap Fees)	\$ 6,950.00
Total	\$3,573,006.00

The amount the costs of the Project not expected to be reimbursed or paid from the EPA Grant, the Tap Fees and the Supplemental Bond proceeds is estimated to be at least \$692,181. Except for the proceeds of the BAN, the Local Bond, the Supplemental Bond, the Tap Fees and the EPA Grant, no other funds of the District will be available to meet Costs of the Project, and no balances are available to meet such costs in

any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

11. Under the Local Act, the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Construction Trust Fund;
- (4) Series A Sinking Fund, and within the Series A Sinking Fund the Series A Bond Reserve Account and the Bonds Capitalized Interest Account;
- (5) Series B Sinking Fund, and within the Series B Sinking Fund the Series B Bond Reserve Account; and
- (6) BAN Sinking Fund and within the BAN Sinking Fund the BAN Reserve Account and the BAN Capitalized Interest Account.

12. Under the Local Act the proceeds of the Local Bond and the Supplemental Bond will be deposited as follows:

- (1) All of the proceeds of the Local Bond will be deposited in the BAN Sinking Fund and applied solely to the payment of principal of the BAN.
- (2) All of the proceeds of the Supplemental Bond will be deposited in the BAN Sinking Fund and applied solely to the payment of principal of the BAN.

13. Under the Local Act the amounts currently deposited in the BAN Sinking Fund will be paid or transferred as follows:

- (1) \$64,746.00 of the amount currently deposited in the BAN Reserve Account within the BAN Sinking Fund, equalling the Series A Bond Reserve Account Requirement (the maximum principal of and interest which will mature and become due on the Local Bond in the then current or any succeeding year), will be transferred to the Series A Reserve Account within the Series A Sinking Fund.

- (2) \$6,532.00 of the amount currently deposited in the BAN Reserve Account within the BAN Sinking Fund, equalling the Series B Bond Reserve Account Requirement (the maximum principal which will mature and become due on the Supplemental Bond in the then current or any succeeding year) will be transferred to the Series B Reserve Account within the Series B Sinking Fund.
- (3) The remaining balance of the funds currently deposited in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series A Bond Reserve Account within the Series A Sinking Fund to be applied pursuant to the terms of Section 6.03 G of the Resolution.
- (4) \$8,777.03 of the amount currently deposited in the BAN Capitalized Interest Account with the BAN Sinking Fund will be used to pay interest on the BAN from April 1, 1988 to May 19, 1988.
- (5) The balance of the amount currently deposited in the BAN Capitalized Interest Account within the BAN Sinking Fund will be transferred to the Bonds Capitalized Interest Account with the Series A Sinking Fund.

14. All moneys in the Series A Sinking Fund (with the exception of investment earnings thereon) will be used for the payment of the principal and interest as it accrues on the Local Bond. Moneys held in the Series A Sinking Fund will be used solely to pay principal of and interest on the Local Bond and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series A Bond Sinking Fund and Series A Bond Reserve Account therein will be withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the Series A Bond, and then to the next ensuing principal payment due thereon.

15. Except for the Series A Sinking Fund, there are no other funds or accounts established or held by the District which are reasonably expected to be used to pay debt service on the Local Bond or which are pledged as collateral for the Local Bond and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bond, if the District encounters financial difficulties.

16. All of the proceeds from the sale of the Bonds, except any proceeds deemed used for the reserve accounts, to be used for payments of Costs of the Project, will be expended for such purpose by June 1, 1989 (within three years of April 28, 1988).

17. The District does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Bonds.

18. The District will comply with the provisions of the Internal Revenue Code of 1986.

19. Any money deposited in the Series A Sinking Fund for payment of the principal of or interest on the Local Bond (other than the Series A Bond Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

20. The District covenants and agrees to comply with the rebate requirements of the Code, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Local Bond.

21. The original proceeds of the Local Bond will not exceed the amount necessary for the purposes of the issue.

22. The amount designated as cost of issuance of the Local Bond consists only of costs which are directly related to and necessary for the issuance of the Local Bond.

23. All property financed with the proceeds of the Local Bond will be held for Federal income tax purposes by (or on behalf of) a qualified governmental unit.

24. The District shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

25. No more than 10 percent of the proceeds of the Local Bond will be used (directly or indirectly) in any trade or business carried on by, and less than 5 percent of the proceeds of Local Bond have been or will be used to make or finance loans to, any person who is not a governmental unit.

26. The District shall use the Local Bond proceeds solely for the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the District.

27. The District shall not permit at any time or times any of the proceeds of the Local Bond or any other funds of the District to be used directly or indirectly in a manner which would result in the exclusion of the Local Bond from treatment afforded by Section 103(a) of the Code by reason of classification of the Local Bond as "private activity bonds" within the meaning of the Code. The District will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Local Bond is excludable from gross income for federal income tax purposes.

28. The Local Bond, in whole or in part, is not and will not be directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

29. The District will rebate to the United States the amount required by Section 148 of the Code and to take all steps necessary to make such rebates. In the event the District fails to make such rebates as required, the District shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Local Bond.

30. The District has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the

31. The District shall comply with the yield restriction on Local Bond proceeds as set forth in the Code.

32. The District will spend the funds in the local sinking fund (other than funds in the reserve account) within a 13 month period beginning on the date of receipt and any monies received from the investment of amounts held in the local sinking fund (other than in the reserve account therein) will be spent within a one year period beginning the date of receipt.

33. The District shall submit to the Issuer within fifteen (15) days following the end of the District's bond year a certified copy of its rebate calculation or if the District qualifies for the small governmental issuer exception to rebate, then the District shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Local Bond subject to rebate.

34. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

IN WITNESS WHEREOF, I have set my hand this 19th day of May, 1988.

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

By Laurence P. Hoffmann  
Duly Authorized Board Member

2963E



Form **8038-G**

(December 1986)

Department of the Treasury  
Internal Revenue Service

# Information Return for Tax-Exempt Governmental Bond Issues

Under Section 149(e)

(Use Form 8038-GC if issue price is under \$100,000.)

GMB No 1545-0720

Expires 12-31-89

## Part I Reporting Authority

Check box if Amended Return

1 Issuer's name <b>CENTRAL BOAZ PUBLIC SERVICE DISTRICT</b>	2 Issuer's employer identification number <b>550546539</b>
3 Number and street <b>Route 5, Box 39</b>	4 Report number <b>G198 8 - 1</b>
5 City or town, state, and ZIP code <b>Parkersburg, West Virginia 26101</b>	6 Date of issue <b>May 19, 1988</b>

## Part II Type of Issue (check box(es) that applies)

7 <input type="checkbox"/> Check box if bonds are tax or other revenue anticipation bonds ▶	Issue Price
8 <input type="checkbox"/> Check box if bonds are in the form of a lease or installment sale ▶	
9 <input type="checkbox"/> Education	
10 <input type="checkbox"/> Health and hospital	
11 <input type="checkbox"/> Transportation	
12 <input type="checkbox"/> Public safety	
13 <input checked="" type="checkbox"/> Environment (including sewage bonds)	
14 <input type="checkbox"/> Housing	\$692,181.00
15 <input type="checkbox"/> Utilities	
16 <input type="checkbox"/> Other. Describe (see instructions) ▶	

## Part III Description of Bonds

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17 Final maturity	10-01-2026	9.0 %	\$59,399.00	\$59,399.00			
18 Entire issue			\$692,181.00	\$692,181.00	28.78 years	NC	8.99%

## Part IV Uses of Original Proceeds of Issue (including underwriters' discount)

19 Proceeds used for accrued interest	19
20 Proceeds used for bond issuance costs (including underwriters' discount)	20
21 Proceeds used for credit enhancement	21
22 Proceeds allocated to reasonably required reserve or replacement fund	22
23 Proceeds used to refund prior issues	23 \$692,181.00
24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24 0

## Part V Description of Refunded Bonds (complete this part only for refunding bonds)

25 Enter the remaining weighted average maturity of the bonds to be refunded ▶ **27.28 years**

26 Enter the last date on which the refunded bonds will be called ▶ **May 19, 1988**

27 Enter the date(s) the refunded bonds were issued ▶ **November 20, 1987**

## Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue ▶

29 Arbitrage rebate:

a  Check box if the small governmental unit exception to the arbitrage rebate requirement applies

b  Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply

c  Check box if you expect to earn and rebate arbitrage profits to the U.S.

30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) ▶ **\$692,181.00**

31 Pooled financings:

a  Check box if any of the proceeds of this issue are to be used to make loans to other governmental units ▶  and enter the amount ▶

b  Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶  and enter the name of the issuer ▶ **West Virginia Water Development** and the date of the issue ▶ **April 28, 1988**

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

*Lawrence P. Hoffmann* Authority  
 Signature of officer Date **5/19/88** Title **Secretary**

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

Form **8038-G** (12-86)

[The next page is 3497-3.]



DAVIS, BAILEY, PFALZGRAF & HALL

ATTORNEYS AT LAW  
601 AVERY STREET

POST OFFICE BOX 48

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WILLIAM A. TRAINER  
HOWARD E. SEUFER, JR.

STEVEN R. HARDMAN  
J. MICHAEL WEBER  
J. FRED EARLEY II\*

\*ALSO ADMITTED IN D.C.

May 19, 1988

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to Central Boaz Public Service District, Wood County, West Virginia (the "District").

We have examined a record of proceedings and other papers relating to (i) the authorization of a loan agreement, dated September 2, 1987, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the District and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a revenue bond of the District, dated May 19, 1988 (the "Local Bond"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bond is in the principal amount of \$692,181.00, issued as one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1988. The Bond bears interest at the rate of 9.0% per annum and is payable in principal installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
1989	2,449.00	9.0%
1990	2,669.00	9.0%
1991	2,910.00	9.0%
1992	3,172.00	9.0%
1993	3,457.00	9.0%
1994	3,768.00	9.0%
1995	4,107.00	9.0%
1996	4,477.00	9.0%
1997	4,880.00	9.0%

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
1998	5,319.00	9.0%
1999	5,798.00	9.0%
2000	6,320.00	9.0%
2001	6,888.00	9.0%
2002	7,508.00	9.0%
2003	8,184.00	9.0%
2004	8,921.00	9.0%
2005	9,723.00	9.0%
2006	10,599.00	9.0%
2007	11,553.00	9.0%
2008	12,592.00	9.0%
2009	13,726.00	9.0%
2010	14,961.00	9.0%
2011	16,307.00	9.0%
2012	17,775.00	9.0%
2013	19,375.00	9.0%
2014	21,119.00	9.0%
2015	23,019.00	9.0%
2016	25,091.00	9.0%
2017	27,349.00	9.0%
2018	29,811.00	9.0%
2019	32,494.00	9.0%
2020	35,418.00	9.0%
2021	38,606.00	9.0%
2022	42,080.00	9.0%
2023	45,867.00	9.0%
2024	49,995.00	9.0%
2025	54,495.00	9.0%
2026	59,399.00	9.0%.

The Local Bond is issued for the purpose of constructing a sewerage system treatment and collection facility in the District and the proceeds therefrom will be expended for payment of Costs of the Project, as such term is defined in the supplemental resolution of the District duly enacted on May 16, 1988.

We have also examined the applicable provisions of Chapter 16 Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), and the Resolution of the District duly enacted by the District on November 19, 1987, a resolution supplemental thereto duly enacted effective November 20, 1987, and a resolution supplemental thereto duly enacted effective

May 16, 1988, (collectively the "Resolution"), pursuant to and under which Act and Resolution the Local Bond is authorized and issued, and the Loan Agreement that has been undertaken. The Local Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed and delivered on behalf of the District and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding special obligation of the District enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the District without the consent of the Authority.
3. The District is a duly organized and presently existing public service district and a political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bond, all under the provisions of the Act and other applicable provisions of law.
4. The members and officers of the public service board of the District have been duly and properly appointed and elected, have taken the requisite oaths and are authorized to act in their respective capacities in behalf of the District.
5. The District has legally and effectively enacted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Local Bond. The Resolution contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
6. The execution and delivery of the Bonds and other documents by the District will not conflict with or cause a

breach or default on the District's part under any other agreement to which the District is a party.

7. The Local Bond is a valid and legally enforceable special obligation of the District, payable from the net revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bond and the Resolution, and have been duly issued and delivered to the Authority.

8. The Local Bond is, by statute, exempt from all taxation by the State of West Virginia and other taxing bodies of the State and the interest on the Local Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

9. Under existing law and court decisions, the interest on the Local Bond is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, such interest is taken into account in determining adjusted net book income for taxable years ending before January 1, 1990, and adjusted current earnings for taxable years ending after December 31, 1989, for the purpose of determining alternative minimum taxable income for corporations. Such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. This opinion is subject to the conditions that the District comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Local Bond in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bond to be so included in gross income retroactive to the date of issuance of the Local Bond. The District has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Local Bond.

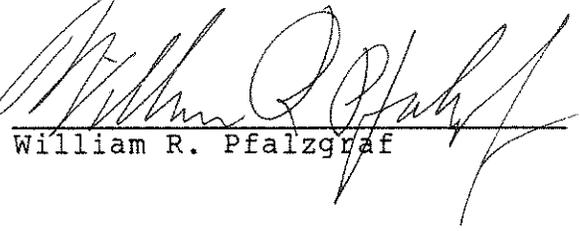
West Virginia Water Development Authority  
May 19, 1988  
Page 6

We have examined the executed and authenticated Local Bond numbered R-1 and in our opinion the form of said bond and its execution and authentication is regular and proper.

Very truly yours,

DAVIS, BAILEY, PFALZGRAF & HALL,

By:

  
William R. Pfalzgraf

2652E



DAVIS, BAILEY, PFALZGRAF & HALL

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F. RICHARD HALL  
WILLIAM A. TRAINER  
HOWARD E. SEUFER, JR.

May 19, 1988

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to Central Boaz Public Service District, Wood County, West Virginia (the "District").

We have examined a record of the proceedings and other papers relating to (i) the authorization of a loan agreement, dated September 2, 1987, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the District and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a supplemental, subordinate revenue bond of the District dated May 19, 1988 (the "Supplemental Bond"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bond is in the principal amount of \$248,215.00, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Year</u>	<u>Installment</u>
1989	6,531.97	2008	6,531.97
1990	6,531.97	2009	6,531.97
1991	6,531.97	2010	6,531.97
1992	6,531.97	2011	6,531.97
1993	6,531.97	2012	6,531.97
1994	6,531.97	2013	6,531.97
1995	6,531.97	2014	6,531.97
1996	6,531.97	2015	6,531.97
1997	6,531.97	2016	6,531.97
1998	6,531.97	2017	6,531.97
1999	6,531.97	2018	6,531.97
2000	6,531.97	2019	6,531.97
2001	6,531.97	2020	6,531.97
2002	6,531.97	2021	6,531.97
2003	6,531.97	2022	6,531.97
2004	6,531.97	2023	6,531.97
2005	6,531.97	2024	6,531.97
2006	6,531.97	2025	6,531.97
2007	6,531.97	2026	6,532.11

West Virginia Water Development Authority  
May 19, 1988  
Page Two

The Supplemental Loan Agreement is supplemental to a loan agreement dated September 2, 1987, also between the District and the Authority (the "Loan Agreement"). The Supplemental Bond is junior, subordinate and inferior as to lien and source of and security for payment to the bond issued pursuant to the Loan Agreement (the "Local Bond"), which Local Bond is issued simultaneously herewith.

The Supplemental Bond is issued, together with the Local Bonds, for the purpose of constructing a sewerage system treatment and collection facility in the District and the proceeds therefrom will be expended for payment of "Costs of the Project" as such term is defined in supplemental resolution of the District duly enacted on May 16, 1988.

We have also examined the applicable provisions of Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), and the Resolution duly enacted by the District on November 19, 1987 and a resolution supplemental thereto duly enacted effective November 20, 1987, and a resolution supplemental thereto duly enacted on May 16, 1988, (collectively the "Resolution"), pursuant to and under which Act and Resolution the Supplemental Bond is authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Supplemental Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Supplemental Loan Agreement has been duly authorized by, executed and delivered on behalf of the District and constitutes a valid and binding special obligation of the District enforceable in accordance with the terms thereof.
2. The Supplemental Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the District without the consent of the Authority.

West Virginia Water Development Authority  
May 19, 1988  
Page Three

3. The District is a duly organized and presently existing public service district and a political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bond, all under the provisions of the Act and other applicable provisions of law.

4. The District has legally and effectively enacted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Supplemental Bond. The Resolution contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

5. The Supplemental Bond is a valid and legally enforceable special obligation of the District, payable from the net revenues of the System referred to in the Resolution and secured by a lien on and pledge of the net revenues of said System, all in accordance with the terms of the Supplemental Bond and the Resolution and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bond.

6. The Supplemental Bond is, by statute, exempt from all taxation by the State of West Virginia and other taxing bodies of the State.

7. On March 31, 1988, House Ways and Means Committee Chairman Dan Rostenkowski and Senate Finance Committee Chairman Lloyd Bentsen introduced identical technical correction bills (HR 4333, S 2230) to make change to the Tax Reform Act of 1986 and the Omnibus Budget Reconciliation Act of 1987. Section XIII of Title I of these bills contain provisions which, if enacted into law, would affect the tax exempt bond provisions of Title XIII of the Tax Reform Act of 1986. It is our opinion the enacting into law of the tax exempt bond provisions contained the present form of HR 4333, S 2230 would not adversely impact the status of the Supplemental Bond for Federal Income Tax purposes.

8. The District has received all permits, licenses approvals and authorizations necessary for the issuance of the Bond, construction of the Project, operation of the System and imposition of rates and charges, including without limitation, the

West Virginia Water Development Authority  
May 19, 1988  
Page Four

receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, including the Final Order of the Public Service Commission of West Virginia entered November 19, 1987, (Case No. 87-236-S-CN) granting to the District a Certificate of Convenience and Necessity, and approving the proposed financing, the period for appeal of such Order having expired prior to the date hereof.

9. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transaction contemplated by the Loan Agreement, construction of the Project, operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

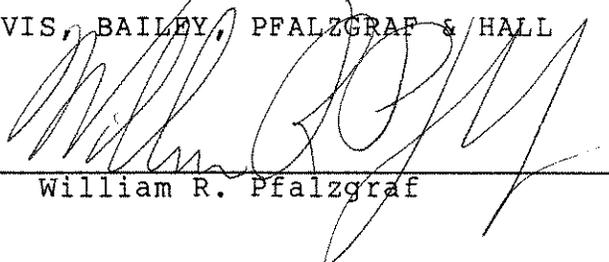
No opinion is given herein as to the effect upon enforceability of the Supplemental Bond of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Supplemental Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

DAVIS, BAILEY, PFALZGRAF & HALL

By

  
\_\_\_\_\_  
William R. Pfalzgraf

2977E

DAVIS, BAILEY, PFALZGRAF & HALL

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STEVEN R. HARDMAN  
J. MICHAEL WEBER  
J. FRED EARLEY II\*

\*ALSO ADMITTED IN D.C.

May 19, 1988

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Central Boaz Public Service District  
Route 5, Box 39  
Parkersburg, West Virginia 26101

RE: Central Boaz Public Service District  
Sewerage System Revenue Bonds, Series A

Gentlemen:

Please refer to our approving legal opinions of even date herewith, as to the above-captioned Bond issue, which opinion is delivered herewith.

Based upon the certificate of the Public Service Board of the Central Boaz Public Service District (the "District"), of even date herewith, stating facts, estimates and circumstances with reference to arbitrage, in our opinion the Bonds are not "arbitrage bonds" under the provisions of Sections 103 and 148 of the Code. While we have undertaken no independent investigation or verification of the expectations set forth in said certificate, no matters come to our attention which make unreasonable or incorrect the statements, expectations or representations made in said certificate.

In rendering the foregoing opinion, we wish to advise you that Section 148 of the Code in its present form imposes certain restrictions regarding the investment of proceeds of the Bonds and requires, among other things, that no intentional use of any portion of the proceeds of the Bonds be made in a manner so as to cause the Bonds to constitute "arbitrage bonds" and requires that certain amounts be periodically rebated to the United States by the District, subject to the exceptions therein set forth. The failure to comply with these provisions may cause the Bonds to become taxable. In rendering this opinion, we have relied upon the representations and covenants of the District to the effect that, to the extent applicable, the District will comply with

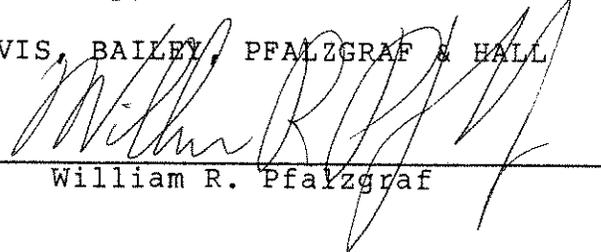
West Virginia Water Development Authority  
May 19, 1988  
Page 2

said restrictions and requirements, including, without limitation, the rebate requirement. We express no opinion herein as to the taxability of the interest on the Bonds in the event of the failure to comply with the requirements and restrictions of Section 148 of the Code, as set forth hereinabove, and any rules and regulations thereunder, and the statements, expectations and representations made in said certificate.

Sincerely,

DAVIS, BAILEY, PFALZGRAF & HALL

By

  
\_\_\_\_\_  
William R. Pfalzgraf

2657E

DAVIS, BAILEY, PFALZGRAF & HALL

ATTORNEYS AT LAW

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STEVEN R. HARDMAN  
J. MICHAEL WEBER  
J. FRED EARLEY II\*

\*ALSO ADMITTED IN D.C.

May 19, 1988

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

IN RE: Central Boaz Public Service District Sewerage  
System Revenue Bonds, Series A and Series B

Gentlemen:

We are counsel to Central Boaz Public Service District, a public service district, in Wood County, West Virginia (the "District"). As such counsel, we have examined copies of the approving opinions of bond counsel, a loan agreement and supplemental loan agreement, both dated September 2, 1987, as supplemented and amended, by and between the West Virginia Water Development Authority (the "Authority") and the District (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the District. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

We are of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding obligation of the District enforceable in accordance with its terms, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the District without the consent of the Authority.

2. The members and officers of the public service board of the District have been duly and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the District.

West Virginia Water  
Development Authority, et al.  
May 19, 1988  
Page 2

3. The Local Act and all other necessary resolutions have been duly and effectively adopted by the District and are in full force and effect. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transaction contemplated by the Loan Agreement, and the carrying out of the terms of either thereof, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or any existing law, regulation, court order or consent decree to which the District is subject.

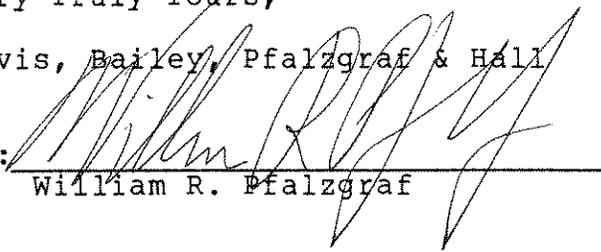
5. The District has received any and all all permits, licenses, approvals and authorizations required by law or otherwise necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges, including without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The time for appeal of such order of the Public Service Commission of West Virginia has expired prior to the date hereof.

6. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, construction of the Project, operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very Truly Yours,

Davis, Bailey, Pfalzgraf & Hall

By:   
William R. Pfalzgraf

WV MUNICIPAL BOND COMMISSION  
 Suite 337 Building 3  
 1800 Washington St. E  
 State Capitol Complex  
 Charleston, WV 25305  
 (304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: May 19, 1988

(See Reverse for Instructions)

Revenue Bonds

ISSUER & ISSUE: Central Boaz Public Service District Sewerage System Series A & Series B

ADDRESS: Route 5, Box 39, Parkersburg, West Virginia COUNTY: Wood

PURPOSE New Money

OF ISSUE: Refunding  Refunds issue(s) dated: November 20, 1987

ISSUE DATE: May 19, 1988

CLOSING DATE: May 19, 1988

ISSUE AMOUNT: \$ 940,396.00

RATE: 7.00%

1st DEBT SERVICE DUE: October 1, 1988

1st PRINCIPAL DUE: October 1, 1988

1st DEBT SERVICE AMOUNT: 22,841.97

PAYING AGENT: WV Municipal Bond Commission

ISSUERS Davis, Bailey, Pfalzgraf  
 BOND COUNSEL: & Hall

UNDERWRITERS  
 BOND COUNSEL: Jackson & Kelly

Contact Person: J. Fred Earley, II

Contact Person: Taunja Willis Miller

Phone: (304) 485-8500

Phone: 304 340-0316

DEPOSITORY

~~DEPOSITORY~~ BANK: Commercial Banking & Trust Co

ESCROW TRUSTEE:

Contact Person: C. Randall Law

Contact Person:

Phone: (304) 424-0300

Phone:

KNOWLEDGEABLE ISSUER CONTACT

OTHER:

Contact Person: R. Neil Bee

Contact Person:

Position: Manager

Function:

Phone: (304) 422-6042

Phone:

DEPOSITS TO MBC AT CLOSE: Accrued Interest: \_\_\_\_\_ Days \$ \_\_\_\_\_  
 By Wire Capitalized Interest: \$ \_\_\_\_\_  
Check Reserve Account: \$ \_\_\_\_\_  
IGT Other: SEE ATTACHED STATEMENT \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE:  
 By Wire To Escrow Trustee: \$ \_\_\_\_\_  
Check To Issuer: \$ \_\_\_\_\_  
IGT To CIF-State Treasury \$ \_\_\_\_\_  
 To Other: SEE ATTACHED STATEMENT \$ \_\_\_\_\_

NOTES: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: \_\_\_\_\_

TRANSFERS

REQUIRED: \_\_\_\_\_

ATTACHMENT TO NEW ISSUE REPORT  
APPLICATION OF BOND PROCEEDS AND  
BALANCES IN BAN SINKING FUND ACCOUNTS

1. Series A Bond proceeds in the amount of \$692,181.00 shall be deposited in the BAN Sinking Fund and be used to make the principal payment on the BAN.

2. Series B Bond proceeds in the amount of \$248,215.00 shall be deposited in the BAN Sinking Fund and be used to make the principal payment on the BAN.

3. \$64,746.00 of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series A Bond Reserve Account with the Series A Sinking Fund.

4. \$6,532.00 of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series B Bond Reserve Account with the Series B Sinking Fund.

5. The remaining balance of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series A Bond Reserve Account within the Series A Sinking Fund to be applied pursuant to the terms of Section 6.03(G) of the Resolution.

6. \$8,777.03 of the funds currently on deposit in the BAN Capitalized Interest Account within the BAN Sinking Fund shall be used to pay the interest due on the BAN from April 1, 1988 through May 19, 1988.

7. The remaining balance of the funds currently on deposit in the BAN Capitalized Interest Account within the BAN Sinking Fund shall be transferred to the Bonds Capitalized Interest within the Series A Sinking Fund.



ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Sewerage System Revenue Bond, Series A, of the Central Boaz Public Service District in the principal amount of \$692,181, numbered R-1, standing in the name of West Virginia Water Development Authority on the books of said District.

Dated: May 19, 1988.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

Daniel B. Yankosky  
Authorized Representative



CENTRAL BOAZ PUBLIC SERVICE DISTRICT

Sewerage System Revenue Bonds  
Series A and Series B

CERTIFICATE OF REGISTRATION OF BONDS

I, C. Randall Law, Vice President and Senior Trust Officer of Commercial Banking & Trust Company, a state banking association, as Registrar under the Resolution and Registrar's Agreement providing for the \$940,396 aggregate principal amount of Sewerage System Revenue Bonds, Series A and Series B, of the Central Boaz Public Service District (the "District"), hereby certify that on the 19th day of May, 1988, the fully registered Series A Bond of the District numbered R-1 in the principal amount of \$692,181.00 designated "Sewerage System Revenue Bond, Series A," and the single fully registered Series B Bond of the District numbered R-1 in the principal amount of \$248,215.00 designated "Sewerage System Revenue Bond, Series B," were registered as to principal and interest (the Series B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the District kept for that purpose at our office, by a duly authorized officer on behalf of the Commercial Banking & Trust Company, a state banking association, as Registrar.

WITNESS my signature as of this 19th day of May, 1988.

COMMERCIAL BANKING & TRUST COMPANY

By:   
Its: C. Randall Law, Vice  
President and Senior Trust  
Officer



CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

Re: Central Boaz Public Service District Sewerage System Revenue Bonds, Series A and Series B

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and JAMES RUSSELL SMITH, Chairman of the Public Service Board of the Central Boaz Public Service District (the "District"), hereby certify as follows:

1. On the 19th day of May, 1988, the Authority received the entire original issue of \$940,396 in aggregate principal amount of Sewerage System Revenue Bonds, Series A and Series B (collectively, the "Bonds"), the Series A Bond being issued as one fully registered Bond number R-1, the Series B Bond being issued as a single fully registered Bond numbered R-1, as follows:

<u>Series</u>	<u>Bond No.</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
A	R-1	9.00%	\$692,181.00
B	R-1	0.00%	\$248,215.00

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by James L. Duvall, Jr., as a duly authorized member of the Public Service Board of the District, by his manual signature, and by Lawrence Hoffmann, III, as Secretary of the Public Service Board of the District, by his manual signature and the official seal of the District had been affixed upon the Bonds.

3. The District has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, the proceeds of the Series A Bond in the aggregate principal amount of \$692,181.00 and the proceeds of the Series B Bond in the aggregate principal amount of \$248,215.00 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and the CENTRAL BOAZ PUBLIC SERVICE DISTRICT has caused this receipt to be executed and delivered by the

Chairman of its Public Service Board, as of this 19th day of May,  
1988.

CENTRAL BOAZ PUBLIC SERVICE  
DISTRICT

By:   
James Russell Smith, Chairman

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By:   
Secretary-Treasurer

2658E



CENTRAL BOAZ PUBLIC SERVICE DISTRICT  
\$940,396.00 SEWERAGE SYSTEM REVENUE BONDS  
SERIES A AND SERIES B

REQUEST AND AUTHORIZATION TO COMMERCIAL BANKING AND  
TRUST COMPANY TO AUTHENTICATE AND DELIVER THE BONDS

The Central Boaz Public Service District hereby requests and authorizes the Commercial Banking and Trust Company, Parkersburg, West Virginia, pursuant to its powers and duties as Registrar, to authenticate, register and deliver the Central Boaz Public Service District Sewerage System Revenue Bonds, Series A and Series B, in the aggregate principal amount of \$940,396.00, to the Purchaser thereof.

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

By James L. Duvall, Jr.  
James L. Duvall, Jr., duly  
authorized board member of Central  
Boaz Public Service District

[SEAL]

ATTEST:

Lawrence P. Hoffmann  
Secretary

2979E



MEMORANDUM OF UNDERSTANDING BETWEEN THE  
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND  
CENTRAL BOAZ PUBLIC SERVICE DISTRICT  
DATED MAY 19, 1988

This Memorandum of Understanding sets forth the procedure for transferring funds in connection with transactions between the West Virginia Water Development Authority (the "WDA") and the Central Boaz Public Service District (the "District") taking place on May 19, 1988. On May 19, 1988, the District will sell and deliver \$692,181 in aggregate principal amount of Sewerage System Revenue Bonds, Series A (the "Series A Bonds"), and \$248,215 in aggregate principal amount of Sewerage System Revenue Bonds, Series B, (the "Series B Bonds"; together, the "Bonds") to the WDA. The entire proceeds of the Bonds will be used on May 19, 1988 to pay the District's \$940,396 in aggregate principal amount of Sewerage System Bond Anticipation Notes (the "BAN") held by the WDA. The District will also pay to the WDA on May 19, 1988, \$8,777.03 in interest on the BAN from April 1, 1988 to May 19, 1988.

The transfer of funds under the applicable documents would be as follows:

1. Upon receipt of the Series A Bonds and a requisition from the WDA, One Valley Bank, National Association, as trustee, together with

the WDA, would cause the WDA's Account No. N108-02 in the State Treasurer's Consolidated Investment Fund (the "Pool") to be debited for \$692,181 (the proceeds of the Series A Bonds).

2. Upon receipt of the Series B Bonds, the WDA would have its Account No. N030-03 in the Pool debited for \$248,215 (the proceeds of the Series B Bonds).
3. The entire proceeds of the Bonds (\$940,396) would be "received" by the District and simultaneously deposited in the BAN Sinking Fund with the West Virginia Municipal Bond Commission (the "Commission").
4. The Commission's account in the Pool containing the District's BAN Sinking Fund would be credited with \$940,396 (the proceeds of the Bonds).
5. The Commission's account in the Pool containing the District's BAN Sinking Fund would be debited \$949,173.03 (\$940,396 in principal of and, at the direction of the District, \$8,777.03 in interest on the BAN).

6. The payment on the BAN (\$949,173.03) would be received by the WDA and deposited in and credited to its Account No. N030-03 in the Pool.
7. The WDA would cancel and return the BAN certificate to the District.

The closing is scheduled for 2:00 p.m. on May 19, 1988. To expedite the transfer of funds (the closing is scheduled too late in the day to wire moneys and the negotiation of checks would be too time-consuming considering the result), because the money begins in WDA accounts and ends in a WDA account, the parties have agreed to effect the above-described transfer of funds by the WDA's transferring \$692,181 from the WDA's Account No. N108-02 in the Pool to the WDA's Account No. N030-03 in the Pool. In addition, the District will pay \$8,777.03 from its BAN Sinking Fund in whatever manner is acceptable to the Commission and the District.

The Commission will also make certain transfers from the BAN Reserve Account to the reserve accounts for the Bonds and from the BAN Sinking Fund to the Series A Bond Sinking Fund. Those transfers have been set forth in instructions from the District to the Commission and will be confirmed at closing.

Executed this 19th day of May, 1988.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

BY Samuel B. Zymbaski  
Its Secretary-Treasurer

CENTRAL BOAZ PUBLIC SERVICE  
DISTRICT

BY Lawrence P. Hoffmann  
Its Sec

cc: One Valley Bank, National Association, as Trustee  
West Virginia Municipal Bond Commission



LOAN PROGRAM II

REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

TO: One Valley Bank, National Association, Trustee

- A. Name of Governmental Agency to which payment is to be made: Central Boaz Public Service District
- B. Amount to be paid: \$692,181
- C. Certification by Water Development Authority:

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the above-captioned Governmental Agency, dated as of September 2, 1987, said Governmental Agency has sold its Local Bonds to the Authority in the principal amount equal to the amount of the Loan set forth in B above, that such Governmental Agency is obligated to make Local Bonds Payments and to pay Fees and Charges in accordance with the requirements contained in Sections 9.06 and 9.09 of the General Resolution and that, to my knowledge, such Governmental Agency is not in default under any of the terms or provisions of said Loan Agreement.

I further certify that the Local Bonds Payments will be sufficient to pay interest on and Principal Installments of the Bonds, the proceeds of which were used to fund the Loan Obligation, as such interest and Principal Installments come due.

The above certifications comply with Subsections 6.05(3)(ii) and (v) of the General Resolution.

  
Authorized Representative  
West Virginia Water Development  
Authority

DATE: May 19, 1988